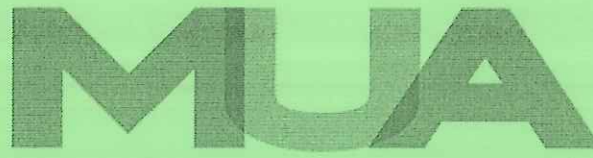


The
Management
University
of Africa



Sponsored by the Kenya Institute of Management

UNDERGRADUATE UNIVERSITY EXAMINATIONS
SCHOOL OF MANAGEMENT AND LEADERSHIP
DEGREE OF BACHELOR OF ARTS IN DEVELOPMENT STUDIES

BDS 207 : DEVELOPMENT FINANCE

DATE: 1ST AUGUST 2018

DURATION: 2 HOURS

MAXIMUM MARKS: 70

INSTRUCTIONS:

1. Write your registration number on the answer booklet.
2. **DO NOT** write on this question paper.
3. This paper contains **SIX (6)** questions.
4. Question **ONE** is compulsory.
5. Answer any other **THREE** questions.
6. Question **ONE** carries **25 MARKS** and the rest carry **15 MARKS** each.
7. Write all your answers in the Examination answer booklet provided.

QUESTION ONE

Read the Case Study below carefully and answer the questions that follow:

INTERNATIONAL MONETARY FUND

The International Monetary Fund (IMF) is an international organization that was initiated in 1944 at the Bretton Woods Conference and formally created in 1945 by 29 member countries. The IMF's stated goal was to assist in the reconstruction of the world's international payment system post-World War II. Countries contribute funds to a pool through a quota system from which countries with payment imbalances temporarily can borrow money and other resources.

The IMF was created out of a need to prevent economic crises like the Great Depression. With its sister organization, the World Bank, the IMF is the largest public lender of funds in the world. It is a specialized agency of the United Nations and is run by its 186 member countries. Membership is open to any country that conducts foreign policy and accepts the organization's statutes.

The IMF is responsible for the creation and maintenance of the international monetary system, the system by which international payments among countries take place. It thus strives to provide a systematic mechanism for foreign exchange transactions in order to foster investment and promote balanced global economic trade.

To achieve these goals, the IMF focuses and advises on the macroeconomic policies of a country, which affect its exchange rate and its government's budget, money and credit management. The IMF will also appraise a country's financial sector and its regulatory policies, as well as structural policies within the macro economy that relate to the labor market and employment. In addition, as a fund, it may offer financial assistance to nations in need of correcting balance of payments discrepancies. The IMF is thus entrusted with nurturing economic growth and maintaining high levels of employment within countries. available to member countries to meet balance of payments needs. Its headquarters are in Washington, D.C., United States.

Required

- a) Discuss **six** objectives of International Monetary Fund (IMF) **(6 marks)**
- b) Highlight the benefits of IMF to developing Countries **(7marks)**
- c) Describe **three** roles of trade in development **(6marks)**
- d) Explain 3 problems related with IMF **(6 marks)**

QUESTION TWO

- a) Using relevant examples, discuss the **two** dimensions of development **(10marks)**
- b) Discuss multilateral development banks and their role in development **(5marks)**

QUESTION THREE

- a) Describe **five** developmental and promotional functions performed by central bank in the developing countries. **(10marks)**
- b) Discuss the use of Discount rate as an analytic tool of selection and appraisal of projects **(5marks)**

QUESTION FOUR

- a) Discuss **three** challenges faced by donors when funding developing countries **(3marks)**
- b) Discuss **Four** broad categories or 'typologies' of innovative finance mechanisms **(12marks)**

QUESTION FIVE

- a) Discuss **five** principles of Corporate governance **(10marks)**
- b) Highlight **five** functions of World Bank in development **(5marks)**

QUESTION SIX

Discuss Multi-Criteria Analysis in appraising developmental projects

(15marks)